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October 1, 1998

Redevelopment Agency of the City of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: 438 Ford Road – DISPOSITION AND DEVELOPMENT AGREEMENT; HEALTH & SAFETY 33433 REPORT PUBLIC HEARING

LOCATION & COUNCIL DISTRICT: District 2, Del Paso Nuevo

RECOMMENDATION

Staff recommends that the Redevelopment Agency of the City of Sacramento adopt the attached resolution which authorizes the Executive Director to execute a Disposition and Development Agreement (DDA) and related agreements to transfer a vacant single-family house located at 438 Ford Road to Paul and Patricia Collins (“Purchasers”)

CONTACT PERSONS Beverly Fretz-Brown, Director of Development Services, 440-1357
Lisa Bates, Program Manager, 440-1350

FOR COUNCIL MEETING OF October 1, 1998

SUMMARY

This report recommends approval of an agreement to transfer ownership of a single-family house to Paul and Patricia Collins for the relocation and rehabilitation of the house for owner-occupancy.

BACKGROUND

In May 1997, in the course of developing the Del Paso Nuevo Project, the Agency purchased a 14-year old, three-bedroom, two-bath house at 438 Ford Road. The property was acquired for \$83,000 and was to be dedicated to the City for the realignment of Ford Road east of Norwood Avenue as shown on Attachment I. At the time of purchase, staff determined that although the house was in average condition it would be demolished, given the difficulty in relocating the structure to another

suitable site. Based on that determination, the City put the Ford Road realignment project out to bid and included the demolition of the house as a work item. The lowest responsible bid received for the demolition of the house was \$11,000.

During the planning and bidding stages of the project, the Agency received a proposal from the Purchaser to relocate the home to a 4-acre parcel at 7432 W. 2nd Street in Rio Linda (Site) as shown on Attachment II. The proposal includes the rehabilitation of the house onto an elevated foundation for their occupancy. An existing 600 square foot house at the site, where they currently reside, will be converted to non-residential structure.

The Agency is proposing to enter into a DDA to transfer the property for \$1.00 to the Purchaser, saving the Agency approximately \$11,000 in demolition costs and preserving housing. The Purchaser has demonstrated financial ability to relocate the home, has initiated the permitting process for the relocation and rehabilitation, and intends to occupy the house. The total estimated cost to relocate and rehabilitate the house is \$50,000 to \$60,000. To purchase the home, the Agency will require as part of the DDA that the Purchaser meet the following conditions:

- Agency will bear no financial obligation or any liability for the relocation;
- Purchaser will demonstrate financial ability to relocate and rehabilitate the structure;
- Purchaser will obtain all necessary permits and insurance and pay all fees and costs to relocate the structure;
- Agency will approve cost estimates and rehabilitation plans for the structure;
- Purchaser will provide certification from a moving company that the house can be moved to the new site;
- Purchaser will occupy the house; and
- Agency shall have right to demolish or rehabilitate house at the new location if not permanently attached to the land and rehabilitated within agreed upon timeline.

On occasion, the Agency has purchased single-family homes that are to be demolished in order to assemble land for development. In the case of the Del Paso Nuevo project, several single-family structures will be purchased for land assemblage and public infrastructure improvements such as a park and roadways. In many instances, the cost to relocate and rehabilitate a structure is prohibitive; however, in some instances these structures could be relocated and rehabilitated for less than the value of the home. Within the next 90 days staff will recommend a policy to address the offering of Agency-owned single-family houses for relocation as a possible alternative to demolition.

FINANCIAL CONSIDERATIONS

Adoption of the attached resolution will result in financial savings to Agency of approximately \$11,000.

POLICY CONSIDERATIONS

The disposition of the property is being sole-sourced to the Purchaser. The Agency is transferring the property for less than the Agency's acquisition costs as shown in Attachment III, as the house would otherwise be demolished for the realignment of Ford Road. The Agency published a notice regarding the disposition of the property on September 17th and September 24th. Within the next 90 days the Agency will present a recommendation for an Agency-wide house relocation policy.

ENVIRONMENTAL REVIEW

The proposed actions authorized in this report are in furtherance of the Del Paso Heights Redevelopment Plan, as amended. Per CEQA Guidelines Sections 15180, 15162, and 15163, disposition of parcels to encourage redevelopment in a redevelopment area were deemed approved at the time of adoption of the redevelopment plan. NEPA does not apply.

M/WBE CONSIDERATIONS

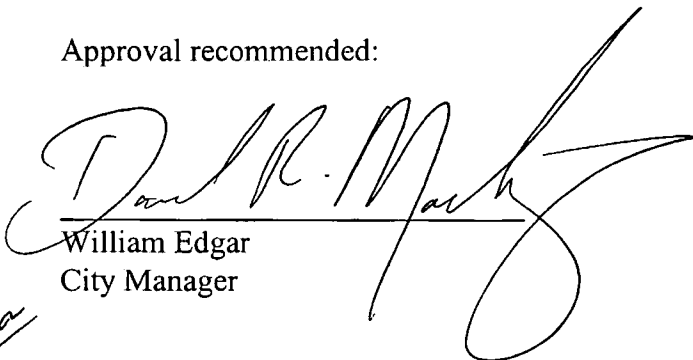
M/WBE considerations are not applicable to the actions recommended in this report.

Respectfully submitted by,



ANNE M. MOORE
Acting Executive Director

Approval recommended:



William Edgar
City Manager

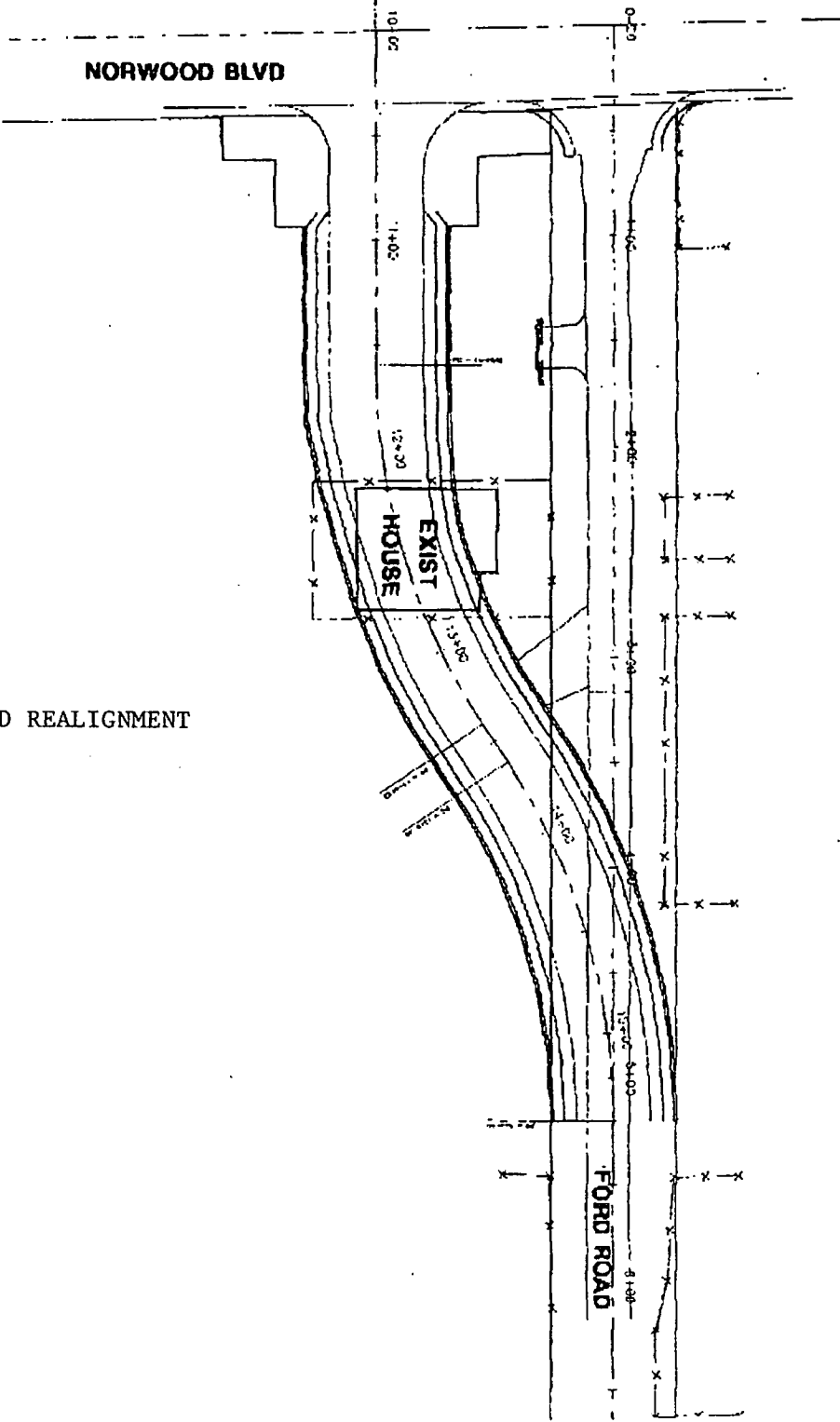
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III. Explanation of Disposition for Less than Full Value

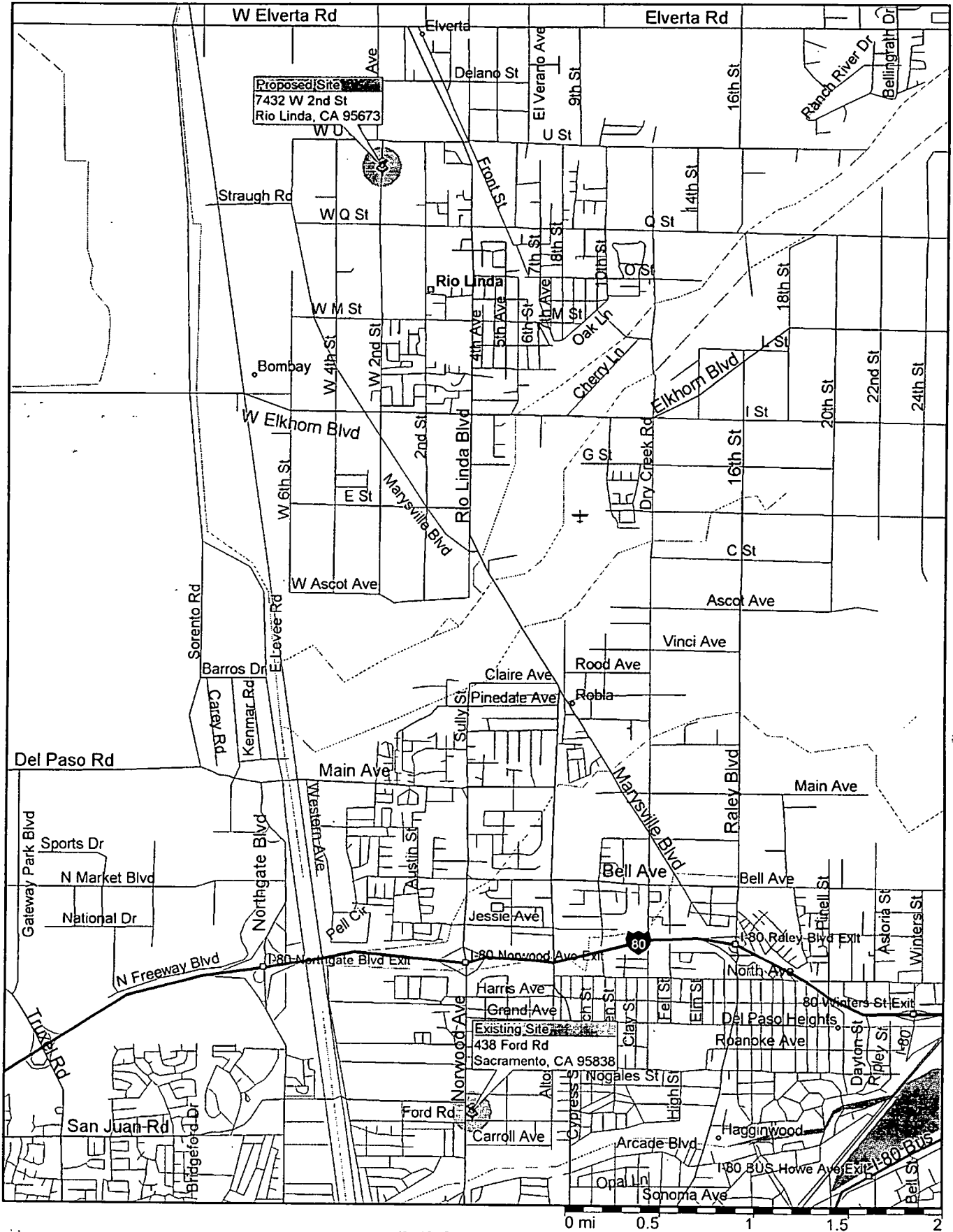
If the single-family house is not to be relocated, it will be demolished and the resulting vacant land transferred to the City of Sacramento for a realignment of the existing Ford Road. This realignment will improve connection and circulation between Del Paso Heights and the adjacent neighborhood to the west of Norwood Avenue.

IV. Elimination of Blight

This sale of property will preserve housing while aiding in the elimination of blight, by allowing for future development in the 154-acre master plan for the Del-Paso Nuevo project adopted by the Agency in March 1998. The plan calls for the improvement of backbone infrastructure, improvement of roads and circulation, provision of new park space and development of over 300 new homes. The first improvement to the area will be the realignment of Ford Road.



FORD ROAD REALIGNMENT



**Report Regarding the Disposition of Property Acquired Directly or Indirectly with Tax Increment Funds
(Health & Safety Code Section 33433)**

I. Agreement

A copy of the Purchase and Sale or Lease Agreement ("Agreement") disposing of an interest in Agency real property is attached to this Report.

II. Summary of Terms of Disposition

AGENCY'S COST OF ACQUIRING THE LAND	
Purchase Price (or Lease Payments Payable During Agreement)	\$83,000.00
Commissions	2,500.00
Closing Costs	1,200.00
Relocation Costs	800.00
Land Clearance Costs	
Financing Costs	
Improvement Costs (e.g. utilities or foundations added)	
Other Costs	500.00
TOTAL	87,500

ESTIMATED VALUE OF INTEREST CONVEYED	
Value of the property determined at its highest and best use under the redevelopment plan	0

ESTIMATED REUSE VALUE OF INTEREST CONVEYED	
Value of property determined with consideration of the restrictions and development costs imposed by the Agreement	0

VALUE RECEIVED ON DISPOSITION	
The purchase price or the total of the lease payments due to the Agency under the Agreement	0



RESOLUTION NO. 98-045

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF _____

**438 FORD ROAD
DISPOSITION AND DEVELOPMENT AGREEMENT;
HEALTH AND SAFETY 33433 REPORT PUBLIC HEARING**

BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO:

Section 1. The Disposition and Development Agreement (DDA) as described in the staff report is approved.

Section 2. The Executive Director is authorized to execute the DDA and related documents, and to enter into other agreements, execute other documents, and perform other actions necessary to transfer the Agency owned single-family house at 438 Ford Road to Patricia and Paul Collins, all as approved by Agency Counsel.

Section 3. The Executive Director is hereby authorized to modify or amend said agreements and documents with approval of Agency Counsel.

CHAIR

SECRETARY

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FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____